



ANTHONY A. WILLIAMS
MAYOR


December 16, 2005

The Honorable Kathy Patterson
Councilmember, Ward 3
Council of the District of Columbia
The John A. Wilson Building
1350 Pennsylvania Ave., NW
Washington, DC 20004

Dear Councilmember Patterson:

Please find attached responses to questions you submitted on December 13, 2005 concerning the baseball stadium lease and related issues.

Sincerely,


Anthony A. Williams

Cc: The Honorable Linda W. Cropp, Chairman, Council of the District of Columbia
The Honorable Sharon Ambrose, Chairman, Committee on Economic Development
All Councilmembers

Responses to Questions from Councilmember Patterson

- 1. Please provide a copy of the October 2005 study by Bolan Smart Associates, included in the power point presentation by private developers in their testimony. Adrian Washington indicated he would provide copies to Councilmembers.**

Attached is the economic impact analysis completed by Bolan Smart on behalf of Forrest City Washington/Western Development.

- 2. Under “additional rent” (page 22) the team is obligated to pay additional rent if the team sells in excess of 2.5 million full price tickets and I would appreciate additional context on this obligation. What is the median number? How many tickets are sold for less than full price? The additional rent amount appears to be equal to the number of tickets above 2,500,000, which apparently means that 1,000 extra tickets would produce \$1,000 in additional rent. Is this correct?**

Your understanding of the additional rent is correct. As reported by the *Sports Business Journal*, the median paid attendance for Major League Baseball in 2005 was 2.45 million. The paid attendance for the Nationals at RFK Stadium in 2005 was 2.73 million. The Nationals have not yet provided a calculation of the full price tickets for 2005. That amount is to be provided as part of the annual settlement under the RFK License Agreement which is to be completed within 45 after the end of each calendar year.

- 3. What do you estimate will be the increased costs incurred by the District for traffic control and security outside the ballpark on game nights?**

The cost for traffic control and security outside the ballpark on game nights are estimated to be between \$1.25 million and \$1.75 million per year. These costs will be more than off-set by baseball related off-site tax revenues and other fees.

- 4. It was stated in response to my questions today that we will be “paying one of the highest rents.” This obviously would not be true 10 years from now if attendance is poor, given the rent is based on attendance. Do any other teams pay rent based upon levels of attendance?**

Only the 2% escalation of the ballpark rent will be based on attendance. Many other rent agreements across the league are based on attendance. Although it is difficult to predict the range of rents in ten years, it is still anticipated that ours will still be one of the highest rents.

The Team’s primary obligation to pay rent under the Lease is not based on home attendance thresholds, and therefore, future attendance levels at Nationals’ home games will not have a significant impact on the amount of rent owed for any Lease Year.

Team's Basic Rent obligation is fixed for the first six Lease Years under Section 4.1. Beginning with the seventh Lease Year, and for each Lease Year thereafter, Basic Rent will equal \$10,000 less than 102% of Basic Rent for the prior Lease Year. However, for each Lease Year beginning in year seven, Basic Rent will not increase from that which the Team owed for the prior Lease Year in the event that paid attendance for Nationals' home games in the immediately prior Lease Year was less than the median annual paid home attendance for all Major League Baseball clubs for the three-year period ending with the immediately prior Lease Year. *See*, Lease §4.1.

Therefore, attendance at Nationals' home games will have no effect on the amount of Basic Rent payable under Section 4.1 for the first six Lease Years, and the only effect of attendance on the amount of Basic Rent payable for Lease Years seven through 30 (exclusive of Lease Years in extension terms exercised by the Team) would be to prevent the two percent (less \$10,000) escalation from the prior Lease Year's Basic Rent if attendance thresholds are not met for that prior Lease Year. To the extent that Basic Rent does not escalate for any Lease Year, but the median paid attendance threshold is reached for that Lease Year, the Basic Rent owed for the following Lease Year would again increase as provided under Section 4.1.

5. Please provide specific examples of what is meant by "Discretionary Improvements," "Necessary Improvement," and "Upgrade Improvements."

In order to provide examples of improvements to the ballpark complex that would be considered "Necessary Improvements", "Upgrade Improvements" and "Discretionary Improvements", it is useful to reference the definitions of those terms.

"Necessary Improvements", generally, are capital improvements to the ballpark complex that are required (i) by applicable law; (ii) in order to obtain insurance at commercially reasonable rates; (iii) for the playing field and lighting and fire and life safety features of the ballpark complex to comply with Major League Baseball's rules and regulations; or (iv) to replace components of the ballpark complex at the end of their economic life cycle. However, capital improvements necessitated by the Team's violation of the Lease are not Necessary Improvements.

Necessary Improvements therefore, could include: (i) installation of additional lavatories, if required by applicable law; (ii) installation of additional or stronger railings along ballpark walkways; (iii) installation of a backstop with different dimensions or made of a different material, if required by changes in Major League Baseball's rules and regulations; or (iv) replacement of heating and cooling systems at the ballpark at the end of their useful lives.

"Upgrade Improvements" are capital improvements that are necessary to keep the ballpark complex on par with the upgraded facilities in place (at the time of determination) in at least 50% of all Major League Baseball ballparks that are governmentally owned and more than two years old.

As such, the specifics of possible “Upgrade Improvements” are presently not determinable. Rather, they will be a function of what upgrades are made to other governmentally owned ballparks.

Importantly, this does not mean that the District’s ballpark must keep up with new stadiums that have been built recently or may be built in the future. Rather it only means that upgrades to the District’s ballpark must keep up with the upgrades made to other governmentally owned ballparks, and even then, only if the same upgrade is found in at least 50% of the governmentally owned ballparks that are more than two years old at the time of determination.

Currently there are 22 governmentally owned Major League Baseball ballparks. So under current circumstances the same upgrade would have to be installed in 11 other ballparks before it would be eligible to be considered as an “Upgrade Improvement” under the Lease. Upgrades in privately owned ballparks, such as Fenway Park and Turner Field that have recently undergone major upgrades, do not factor into the standard of “Upgrade Improvements” under the Lease.

“Discretionary Improvements” are capital improvements other than Necessary Improvement and Upgrade Improvements that are made by and at the sole expense of the Team, subject to the Commission’s consent. Such capital improvements could include, among other items, improvements to locker room facilities or Team offices, new concessions, new fan amenities, or a new scoreboard.

6. Under Section 6.5, the Commission will deposit \$5million into the Contingency Reserve Fund. What will be the source of that funding?

Projected revenues in the Ballpark Revenue Fund are expected to exceed debt service by \$17 to \$18 million in the first four years following completion of stadium construction. This excess after payment of debt service can be applied to meet the Contingency Reserve Fund requirement (as well as certain other required expenditures under the lease agreement), either by being built up over several years or by a single \$5 million deposit on the date that it is due.

7. Please provide a comparison of the number and nature of “Tickets for Commission” under the lease, and tickets made available at RFK today. It would appear that the lease provides for substantially fewer tickets than is the case today. Similarly, please explain the lease terminology in Section 8.4 that indicates that the Commission has no assurance of tickets for postseason games, another apparent diminution in benefits to the District in comparison with the status quo today at RFK. Why did the negotiating team settle for far fewer benefits than is the case today?

In the Lease negotiations, the District/Commission negotiating team did not settle for a reduced ticket benefit to the Commission under the Lease. Rather, both the RFK License and the Lease provide to the Commission precisely the ticket benefits that were prescribed in the BSA.

Under Section 7.6 of the RFK License, the Commission is entitled to use of two mezzanine boxes located in Sections M13 and M14 of RFK Stadium, including the related tickets for entry and parking passes, and twenty-five additional box seats for regular season home games. With respect to post-season home games, Section 7.6 obligates the Team to provide the Commission the right, free of charge, to purchase tickets, at prices no greater than those charged to season ticket holders of comparable seats, for the same locations as are provided to the Commission free of charge during the regular season.

Section 8.4 of the Lease provides the same treatment to the Commission with respect to regular and post-season home baseball games, but extends the Commission's rights to tickets to other events held at the ballpark. Under the Section, the Commission is entitled, for regular season home games, to the use of two twelve-seat luxury suites (the "Commission's Suites"), including the related tickets for entry and parking passes, plus 25 additional box seat tickets in the ballpark in mutually agreed locations "on the infield". With respect to post-season home games, the Commission is afforded the right, free of charge, to purchase tickets to use the Commission's Suites and the 25 additional box seats and the related parking passes provided to the Commission for regular season home games. *See*, Lease §8.4. The Team is obligated to provide such tickets and parking passes to the Commission at prices no greater than those paid by other holders of suite or box seat season tickets. *Id.*

While the two suites in the new ballpark will have a total of approximately 30 fewer seats than the two mezzanine boxes at RFK, the fair market value of the suites alone will be substantial.

- 8. As was discussed today in hearings a year ago, the District did not retain naming rights for the stadium that the District anticipates building. In Section 9.4, the Commission retains the ability to express an option as to content. Will the Commission have authority to "veto" a stadium name if the Commission deems that the name would violate standards of public decency? What standard will apply? There is reference to tobacco products. What about corporate names if the named corporation has a reputation that is in any way objectionable?**

The Commission will have the authority to veto a proposed ballpark name if the proposed name violates the content standards of Section 9.4 of the Lease. The Commission's veto right with respect to a proposed ballpark name is found in Section 9.2, which provides that the Team, prior to naming the ballpark, must notify the Chairman and Executive Director of the Commission in writing of the proposed name to allow them three business days to evaluate whether the proposed name violates the content restrictions of Section 9.4. To the extent that a proposed name is determined by the Commission officials to violate the restrictions under Section 9.4, the Team will be prohibited from using the

proposed name for the ballpark. *See*, Lease §§9.2, 9.4. Section 9.4 clearly states that the Team cannot permit on or within the ballpark complex any advertising, sponsorship or signage that, in the reasonable judgment of the Commission, (i) conflicts with standards of public decency, including, without limitation, the marketing, sale or use of tobacco products, adult entertainment, *or other activities or products the promotion of which would be incompatible with a family friendly environment*; (ii) directly competes with the interests of the District in promotion of the District Lottery or other gambling activities licensed or operated by the DC Lottery and Charitable Games Control Board; (iii) violates applicable law; or (iv) poses an unreasonable risk to public safety or security.

In response to concerns expressed regarding “objectionable” corporate sponsors, we direct your attention to the breadth of clause (i) above, regarding advertising, sponsorship or signage that is incompatible with a family-friendly environment. To the extent that the Commission reasonably believes that any potential corporate sponsor’s name would conflict with such a standard, the Commission would be within its rights under Section 9.4 of the Lease to reject the proposed sponsorship.

9. In section 18.20, the District waives sovereign immunity. Why?

The District has not waived sovereign immunity.

However, as it did in Section 8.04(i) of the BSA, under Section 18.19 of the Lease the Commission expressly waives its right to assert sovereign or governmental immunity as a defense to claims made under the Lease or related contracts. The waiver of sovereign immunity does not apply to torts or other causes of action not arising under the Lease or related contracts.

District of Columbia jurisprudence suggests that the Commission would not be entitled to immunity for breach of contract claims anyway. *Casco Marina Development, L.L.C. v. District of Columbia Redevelopment Land Agency*, 834 A.2d 77, 81 (D.C. App. 2003) (reversing the Superior Court’s judgment to dismiss on grounds of governmental immunity, and holding “performance under a lease contract neither requires nor leaves room for discretion” and accordingly is a “ministerial action” for which governmental or sovereign immunity is not available).

10. Please provide a detailed written response to the criticism leveled today that the non-relocation agreement does not, in fact, protect the District from relocation by the team. Within that response, please state whether it is accurate that nonpayment of rent by the team could lead to a default and remove barriers to relocation.

The Non-Relocation Agreement does in fact protect the District from relocation by the Team, and the Team, by its non-payment of rent, cannot remove barriers to relocation.

The short explanation is: (i) termination of the Lease is only one of several available remedies for a Team Default which would never be exercised if it would harm the

District, (ii) the Commission has a lien on the Team's franchise to secure the Team's obligations to "stay, play, and not relocate" and to pay severe, specified damages for breach of those obligations, and (iii) the Non-Relocation Agreement does not terminate if the Lease is terminated due to the Team's bankruptcy (which would be the only circumstance where the Team's non-performance of financial obligations such as payment of rent might not otherwise be cured through other non-termination remedies). A more detailed explanation follows.

Team Non-Payment of Rent does not Terminate the Lease

The Team is unconditionally obligated to pay annual Basic Rent, except during an untenability period caused by a casualty, condemnation, or force majeure event during which the Team is entitled to abate rent (i.e. not pay rent, or receive a refund for prepaid rent). *See*, Lease §§4.1 and 4.3.

During any such rent abatement period, or any period that the Team wrongfully fails to pay rent, the Trustee under the Bond Indenture may draw on the Rent Reserve in order to fund debt service on the Series A-1 Stadium Revenue Bonds. *See*, Lease §4.6. This prevents the Team's non-payment of rent for one year from causing a default under the Stadium Revenue Bonds.

The false assumption in Tuesday's hearing. During Tuesday's hearing, non-payment of rent was correctly labeled as a "Team Default" under Section 16.1. But the confusion during the hearing arose from an erroneous belief that a Team Default automatically results in a termination of the Lease.

To the contrary, termination of the Lease is just one of five separate possible remedies that the Commission may elect. As clearly stated on p. 56,

"Upon the occurrence of a Team Default, the Commission ***shall have the rights to do any one or more of the following:*** (i) recover all damages provided by law or in equity; (ii) in the case of the Team Default specified in paragraphs (a) and (b), and following written notice to the Team, set-off against amounts owing or to become due to the Team under this Agreement any amounts owed by the Team to the Commission; (iii) in the case of the Team Default specified in paragraph (k), perform the term or condition of this Agreement which the Team failed to do, and charge the Team for the cost of the performance; (iv) subject to Section 16.7, exercise any other right or remedy at law or in equity, including obtaining an injunction or order of specific performance; and (v) terminate this Agreement upon written notice to the Team specifying the effective date of the termination."

While the Commission has a right, just like any other landlord, to evict its tenant, it is almost inconceivable that the Commission would ever elect this "nuclear option" remedy given the alternative remedies at its disposal and the adverse consequences to the District

of a Lease termination. As long as the Team continues to play its home games in the Baseball Stadium (as required by Section 2.1 of the Non-Relocation Agreement), the Baseball Stadium will continue to generate jobs, concession, parking and ticket taxes and other economic activity that far exceeds the value to the District of the Team's annual rent. Other straightforward remedies noted above, such as exercising a right of set off or obtaining a judgment against the Team for money damages in the amount of any unpaid rent would be the normal means for the Commission to force compliance by the Team without "cutting off its nose to spite its face".

Protections in the Non-Relocation Agreement

Team must stay, play and not relocate. The four principal obligations of the Team under the Non-Relocation Agreement appear in Section 2.1 as follows:

- (i) the Team shall maintain its principal place of business in the District of Columbia as a registered business in good standing under all Applicable Laws;
- (ii) the Team shall maintain the Franchise¹ as a validly existing and participating Major League Baseball Franchise under Baseball Rules and Regulations;
- (iii) the Team shall play all of the Franchise's Regular Season and Post Season Baseball Home Games at the Baseball Stadium; and
- (iv) the Team shall not relocate, attempt to relocate, or permit the relocation of, the Franchise outside of the District of Columbia.

In other words, the Team must "stay, play, and not even try to relocate".

In addition, under Section 2.2 of the Non-Relocation Agreement the Team may not transfer a "Control Interest"² in the Franchise unless, among other things, the transferee "assumes unconditionally in writing all then-unperformed obligations of the Team under [the Non-Relocation] Agreement and the Lease."

Remedies - Both injunctive relief and specific damages. As provided in Section 4.2, in the event of any breach of these obligations, the Commission is entitled to obtain an injunction or decree of specific performance compelling the Team to comply. In addition, the Commission is entitled to recover any and all damages incurred or suffered by the Commission, including, without limitation, all costs and expenses incurred by the District

¹ The "Franchise" consists of all of the rights and privileges of being a Major League Baseball member club, including the right to play major league baseball games and receive shared MLB revenues (e.g. from national television contracts) from the MLB central fund.

² Under the Major League Baseball Constitution, a "Control Interest" is the "power or authority, directly or indirectly, to influence substantially the management policies of the club", and a sale or transfer of a Control Interest must be approved by a three-fourths vote of all MLB clubs (except for intra-family transfers for which only a majority vote is required).

Government, the Commission or any other affected party claiming through the District Government or the Commission, including

- (A) all costs and expenses incurred by the District Government and the Commission to construct the Baseball Stadium, including, without limitation, the amount required to repay principal of and interest on (and premium, if any, on) the Stadium Revenue Bonds,
- (B) any lost net revenue arising out of or created by the operation and use of the Baseball Stadium that the Commission would have received if the Team had complied with the Team Non-Relocation Obligations [i.e., the obligations listed in clauses (i) through (iv) under “*Team must stay, play and not relocate*”, above], and
- (C) all costs and expenses incurred by the Commission, including attorneys’ fees and disbursements ... in seeking to enforce its remedies hereunder. *See*, Non-Relocation Agreement §4.2.

Commission has Lien on Franchise to secure Team’s obligations and potential damages.

In what we understand to be unprecedented in Major League Baseball, the Commission has obtained a lien on the Team’s Franchise to secure the performance of the “Team Non-Relocation Obligations”. *See*, Non-Relocation Agreement §2.4. These obligations include all of the “stay, play and not relocate” provisions as well as the Team’s liability for the specified damages. This lien will be perfected simultaneously with issuance of the Stadium Revenue Bonds. *Id.*

Non-Relocation Agreement is protected against Bankruptcy termination. In accordance with Article 3, the Non-Relocation Agreement terminates upon the termination of the Lease, except with respect to a termination following:

- (A) the Team filing a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or voluntarily taking advantage of any such act by answer or otherwise, or making an assignment for the benefit of creditors;
- (B) the Team being adjudicated bankrupt or insolvent by any court;
- (C) involuntary proceedings under any bankruptcy law or insolvency act being instituted against the Team, or a receiver or trustee being appointed for all or substantially all of the property of the Team, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within 90 days after the institution of appointment; or
- (D) the Team making an assignment for the benefit of creditors or the Team petitioning for composition of debts under any law authorizing the composition of debts or reorganization of the Team.

- 11. In the lease amendment circulated today, Section 6.7 pertaining to the \$20 million Major League Baseball agreed to pay had added language indicating that the funds would not be forthcoming until at least \$400 million has been spent by the District. Why did the District negotiators agree to this provision? When do you anticipate that this sum -- \$400 million -- will have been spent?**

The Commission's project management team expects that an aggregate of \$400 million (including land acquisition costs) will have been spent by the Commission and the District by mid-Summer 2007.

The Team's willingness to make a contribution not required under the BSA was premised on the notion that the Team's contribution would be close to the "last money in." For financing purposes, the District needed a firm commitment to receive the Team's contribution. By agreeing on the later of January 1, 2008 or expenditure of at least \$400 million, the goals of both parties were achieved.

**Table 0 - Combined Land Uses - Baseball District, Washington, DC (Parcels A, B, C, D, E, F, G)
ECONOMIC IMPACT SUMMARY - \$2005**

Direct Annual District Tax Revenues

Net District Tax Revenue

		<u>taxable value</u>	<u>tax value per sf</u>	<u>RE tax</u>	<u>total</u>
1) Real Estate Tax	retail	\$284,270,000	\$311	\$5,258,995	
	office	\$856,763,600	\$350	\$15,850,127	
	hotel	\$172,500,000	\$405	\$3,191,250	
	residential condominiums	\$582,096,000	\$453	\$5,355,283	
	low / mod priced condo	\$55,476,000	\$173	\$510,379	
	rental apartments	\$101,510,978	\$237	\$933,901	
	low / mod priced rental	<u>\$8,074,737</u>	<u>\$75</u>	<u>\$74,288</u>	
	total	\$2,060,691,315		\$31,174,223	\$31,174,223
2) Retail Space Direct Tax (non real estate)		<u>gross DC taxes</u>	<u>net new DC retail related tax</u>		
	general retail	\$24,773,089	100.0%	\$24,773,089	
	restaurant	<u>\$10,014,409</u>	100.0%	<u>\$10,014,409</u>	
	total	\$34,787,498			\$34,787,498
3) Private Sector Office Direct Tax (75% of occupancy)		<u>gross DC taxes</u>	<u>net new DC related tax</u>		
		\$9,495,206	100.0%	\$9,495,206	\$9,495,206
4) Parking Tax		<u>taxable revenues</u>	<u>DC parking tax</u>		
	retail	\$4,952,822		\$594,339	
	office	\$9,384,824		\$1,126,179	
	hotel	<u>\$2,938,250</u>		<u>\$352,590</u>	
		\$17,275,896			\$2,073,107
5) Hotel Related Tax Revenue		<u>taxable sales</u>	<u>net new DC related tax</u>		
	room tax	\$39,351,563		\$3,954,832	
	other guest expenses	\$22,036,875		\$1,873,134	
	non-guest food & beverage	\$6,612,500		\$595,125	
	other			<u>\$1,873,763</u>	
					\$8,296,854
6) DC Resident Income Tax		<u>total potential</u>	<u>net new DC income tax</u>		
	resid condominiums	\$16,412,067	100.0%	\$14,770,861	
	low / mod priced condo	\$922,580	100.0%	\$830,322	
	rental apartments	\$3,839,368	100.0%	\$3,455,431	
	low / mod priced rental	<u>\$309,013</u>	100.0%	<u>\$278,112</u>	
	total	\$21,483,029		\$19,334,726	\$19,334,726
7) DC Resident Retail Expenditures		<u>total potential taxable sales</u>	<u>other capture</u>	<u>DC sales tax</u>	
	resid condominiums	\$77,442,048	25.0%	\$1,452,038	
	low / mod priced condo	\$4,619,462	25.0%	\$86,615	
	rental apartments	\$18,773,786	25.0%	\$352,008	
	low / mod priced rental	<u>\$1,761,636</u>	25.0%	<u>\$33,031</u>	
	total	\$102,596,933		\$1,923,692	\$1,923,692
8) Other DC Resident Related Fees					
	resid condominiums			\$1,161,631	
	low / mod priced condo			\$79,191	
	rental apartments			\$281,607	
	low / mod priced rental			<u>\$26,425</u>	
	total			\$1,548,853	\$1,548,853
9) Recurring Condo Resale Transfer Fees			<u>annual unit turnover</u>		
			7.0%		\$1,594,341
Total Direct Annual DC Tax Revenue		\$110,228,501			\$110,228,501
10) Total Direct Annual Tax Revenue By Use		<u>gross DC taxes</u>	<u>net new DC taxes</u>		
	retail	\$40,640,832	100.0%	\$40,640,832	
	office	\$26,471,512	100.0%	\$26,471,512	
	hotel	\$11,840,694	100.0%	\$11,840,694	
	residential condominiums	\$24,210,338	100.0%	\$24,210,338	
	low / mod priced condo	\$1,630,323	100.0%	\$1,630,323	
	rental apartments	\$5,022,947	100.0%	\$5,022,947	
	low / mod priced rental	<u>\$411,855</u>	100.0%	<u>\$411,855</u>	
	Total Direct Annual DC Tax Revenue	\$110,228,501			\$110,228,501

One-time District Revenue

Property Transfer Tax, Deed Recordation Taxes and Development Fees	\$28,000,000+
First-time Homebuyer DC Income Tax Credit	not considered
Construction Related Sales Tax	not considered

	<u>total residents</u>	<u>net new DC residents</u>
Additional Project Related Residents		
resid condominiums	3,025	100.0% 3,025
moderate priced condo	579	100.0% 579
rental apartments	865	100.0% 865
moderate priced rental	<u>165</u>	100.0% <u>165</u>
total	<u>4,634</u>	<u>4,634</u>

Direct Project Full Time Employment (FTE jobs)

	<u>DC jobs</u>	<u>DC residents</u>
Retail	2,853	35.0% 999
Office	16,847	20.0% 3,369
Hotel	460	35.0% 161
Parking	62	35.0% 22
Residential (one job / 80 units)	<u>41</u>	35.0% <u>14</u>
Total Permanent FTE Jobs	20,264	4,565
Temporary Construction FTE Jobs (a)	<u>2,130</u>	35% <u>745</u>
Total FTE Jobs	22,393	5,311

Indirect Employment, Economic and Tax Multipliers

not considered

(a) Construction employment: \$2,100,000,000 construction cost x 40% direct labor divided by \$54,000 average annual income, equaling 15,555 person years divided by 6.0 years for project completion, realizing 2,130 construction full time equivalent jobs.

Table 1 - Combined Land Uses - Baseball District, Washington, DC (Parcels A, B, C, D)
ECONOMIC IMPACT SUMMARY - \$2005

Direct Annual District Tax Revenues

Net District Tax Revenue

		<u>taxable value</u>	<u>tax value per sf</u>	<u>RE tax</u>	<u>total</u>
1) Real Estate Tax	retail	\$284,270,000	\$311	\$5,258,995	
see Tables 2-8	office	\$856,763,600	\$350	\$15,850,127	
	hotel	\$172,500,000	\$405	\$3,191,250	
	residential condominiums	\$582,096,000	\$453	\$5,355,283	
	low / mod priced condo	\$55,476,000	\$173	\$510,379	
	rental apartments	\$101,510,978	\$237	\$933,901	
	low / mod priced rental	<u>\$8,074,737</u>	<u>\$75</u>	<u>\$74,288</u>	
	total	\$2,060,691,315		\$31,174,223	\$31,174,223
2) Retail Space Direct Tax (non real estate)		<u>gross DC taxes</u>	<u>net new DC retail related tax</u>		
see Table 2	general retail	\$20,020,655	100.0%	\$20,020,655	
	restaurant	<u>\$10,014,409</u>	100.0%	<u>\$10,014,409</u>	
	total	\$30,035,064			\$30,035,064
3) Private Sector Office Direct Tax (75% of occupancy)		<u>gross DC taxes</u>	<u>net new DC related tax</u>		
see Table 3		\$5,825,170	100.0%	\$5,825,170	\$5,825,170
4) Parking Tax		<u>taxable revenues</u>	<u>DC parking tax</u>		
see Tables 2,3,8	retail	\$4,174,231		\$500,908	
	office	\$5,757,452		\$690,894	
	hotel	<u>\$2,938,250</u>		<u>\$352,590</u>	
	total	\$12,869,933			\$1,544,392
5) Hotel Related Tax Revenue		<u>taxable sales</u>	<u>net new DC related tax</u>		
see Table 8	room tax	\$39,351,563		\$3,954,832	
	other guest expenses	\$22,036,875		\$1,873,134	
	non-quest food & beverage	\$6,612,500		\$595,125	
	other			<u>\$1,873,763</u>	
	total				\$8,296,854
6) DC Resident Income Tax		<u>total potential</u>	<u>net new DC income tax</u>		
see Tables 4-7	resid condominiums	\$12,562,468	100.0%	\$11,306,221	
	low / mod priced condo	\$922,580	100.0%	\$830,322	
	rental apartments	\$2,938,809	100.0%	\$2,644,928	
	low / mod priced rental	<u>\$309,013</u>	100.0%	<u>\$278,112</u>	
	total	\$16,732,871		\$15,059,584	\$15,059,584
7) DC Resident Retail Expenditures		<u>total potential taxable sales</u>	<u>other capture</u>	<u>DC sales tax</u>	
see Tables 4-7	resid condominiums	\$59,277,312	25.0%	\$1,111,450	
	low / mod priced condo	\$4,619,462	25.0%	\$86,615	
	rental apartments	\$14,370,224	25.0%	\$269,442	
	low / mod priced rental	<u>\$1,761,636</u>	25.0%	<u>\$33,031</u>	
	total	\$80,028,635		\$1,500,537	\$1,500,537
8) Other DC Resident Related Fees					
see Tables 4-7	resid condominiums			\$889,160	
	low / mod priced condo			\$79,191	
	rental apartments			\$215,553	
	low / mod priced rental			<u>\$26,425</u>	
	total			\$1,210,328	\$1,210,328
9) Recurring Condo Resale Transfer Fees		<u>annual unit turnover</u>			
see Table 4-5		7.0%			\$1,249,416
Total Direct Annual DC Tax Revenue		\$95,895,567			\$95,895,567
10) Total Direct Annual Tax Revenue By Use		<u>gross DC taxes</u>	<u>net new DC taxes</u>		
see Tables 2-8	retail	\$35,794,967	100.0%	\$35,794,967	
	office	\$22,366,191	100.0%	\$22,366,191	
	hotel	\$11,840,694	100.0%	\$11,840,694	
	residential condominiums	\$19,787,714	100.0%	\$19,787,714	
	low / mod priced condo	\$1,630,323	100.0%	\$1,630,323	
	rental apartments	\$4,063,824	100.0%	\$4,063,824	
	low / mod priced rental	<u>\$411,855</u>	100.0%	<u>\$411,855</u>	
	Total Direct Annual DC Tax Revenue	\$95,895,567			\$95,895,567

One-time District Revenue

Property Transfer Tax, Deed Recordation Taxes and Development Fees	\$20,000,000+
First-time Homebuyer DC Income Tax Credit	not considered
Construction Related Sales Tax	not considered

Additional Project Related Residents

	<u>total residents</u>	<u>net new DC residents</u>
resid condominiums	2,316	100.0%
low / mod priced condo	579	100.0%
rental apartments	827	100.0%
low / mod priced rental	<u>165</u>	100.0%
total	<u>3,887</u>	<u>3,887</u>

Direct Project Full Time Employment (FTE jobs)

	<u>DC jobs</u>	<u>DC residents</u>
Retail	2,405	35.0%
Office	10,336	20.0%
Hotel	460	35.0%
Parking	47	35.0%
Residential (one job / 80 units)	<u>33</u>	35.0%
Total Permanent FTE Jobs	13,280	3,098
Temporary Construction FTE Jobs (a)	<u>1,389</u>	35%
Total FTE Jobs	14,669	3,584

Indirect Employment, Economic and Tax Multipliers

not considered

(a) Construction employment: \$1,500,000,000 construction cost x 40% direct labor divided by \$54,000 average annual income, equaling 11,111 person years divided by 6.0 years for project completion, realizing 1,389 construction full time equivalent jobs.

Table 2 - Retail (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

1) General Retail	718,900 gsf
2) Restaurant/entertain	<u>196,000</u> gsf
3) Total Retail	914,900 gsf
4) Parking	2,287 spaces
5)	<u>0</u> spaces
	2,287 spaces

Direct Project Full Time Employment (a)

350 sf per retail job
<u>2405</u> retail jobs
100 parking space / job
<u>23</u> parking jobs
2428 total jobs

Real Estate Tax

6) General Retail Real Estate Value
7) Restaurant Real Estate Value
8) Parking (included above)
9) Real Estate Value
10) Real Estate Tax Revenue
11) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
	\$300.00	\$215,670,000
	\$350.00	\$68,600,000
		NA
100.00% of assessment	\$310.71	\$284,270,000
1.85% commercial tax rate	\$5.75	<u>\$5,258,995</u>
	\$5.75	\$5,258,995

General Retail Direct Tax Revenues

12) On-site Taxable Retail Sales (adjusted for 15% vacancy)
13) DC Average Applicable Sales Tax
14) Sales Tax Net of On-Site Residents or Office Tenants
16) DC Corporate Tax
17) Business Personal Property
18) Business Personal Property Tax
19) Other Operating Taxes and Fees (b)
20) Total Retail Related Taxes
21) Net New DC General Retail Related Tax Capture

	one sf	total sf
\$450 per sf	\$382.50	\$274,979,250
5.75%	\$22.00	<u>\$15,814,057</u>
100.0% not on-site consumers	\$22.00	\$15,814,057
9.975% on 10% profit on gross	<u>\$3.82</u>	<u>\$2,742,918</u>
\$45.00 FF&E per sf	<u>\$45.00</u>	<u>\$32,350,500</u>
\$3.40 per \$100 assessed value	\$1.53	\$1,099,917
\$0.55 per sf	<u>\$0.51</u>	<u>\$363,763</u>
	<u>\$27.85</u>	<u>\$20,020,655</u>
100.0% net new DC sales	\$27.85	\$20,020,655

Restaurant / Entertainment Direct Tax Revenues

22) On-site Taxable Retail Sales (adjusted for 8% vacancy)
23) DC Average Applicable Sales Tax
24) Sales Tax Net of On-Site Residents or Office Tenants
25) DC Corporate Tax
26) Business Personal Property (adjusted for 8% vacancy)
27) Business Personal Property Tax
28) Other Operating Taxes and Fees (b)
29) Total General Retail Related Taxes
30) Net New DC Restaurant Related Tax Capture

	one sf	total sf
\$525 per sf	\$483.00	\$94,668,000
9.0% net 1% convention center	<u>\$43.47</u>	<u>\$8,520,120</u>
100.0% not on-site consumers	\$43.47	\$8,520,120
9.975% on 10% profit on gross	\$4.82	\$944,313
\$75.00 FF&E per sf	<u>\$69.00</u>	<u>\$13,524,000</u>
\$3.40 per \$100 assessed value	\$2.35	\$459,816
\$0.50 per sf	<u>\$0.46</u>	<u>\$90,160</u>
	<u>\$51.09</u>	<u>\$10,014,409</u>
100.0% net new DC sales	\$51.09	\$10,014,409

Parking

31) Parking Income (discounted for retail patrons)
32)
33) DC Parking Revenue Tax

	one space	total spaces
\$5.00 per space per day		
\$1,825 per space per year	<u>\$1,825</u>	<u>\$4,174,231</u>
12.0% of gross revenue	\$219	\$500,908

Employee Related Sales Tax Revenue

34) FTE Employee Retail Expenditures Subject to Sales Tax
35) Employee Related Sales Tax

	one sf	total sf
\$0.00 per FTE per week	<u>\$0.00</u>	<u>\$0</u>
8.0% mostly meals	\$0.00	\$0

Total Direct Annual Tax Revenue

36)

	\$39.12	\$35,794,967
net new	\$39.12	\$35,794,967

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
(b) Operations purchases, utility and telecommunications fees, other business license fees and charges.

Table 3 - Office (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

- 1) General Office 2,447,896 gsf
- 2) Retail (see retail) 0 gsf
- 3) Total Building Area 2,447,896 gsf
- 4) Parking 1,714 spaces
- 5)

Direct Project Full Time Employment (a)

- 225 sf per office job
10,336 office jobs
 100 parking space / parking job
17 parking jobs
 10,353 total jobs

Real Estate Tax

- 6) General Office Real Estate Value (including land)
- 7) Retail Real Estate Value
- 8) Parking (included above)
- 9) Real Estate Value
- 10) Real Estate Tax Revenue
- 11) **Total Real Estate Tax Revenue**

Private Sector Office Direct Tax (75% occupancy)

- 12) Taxable Gross Revenues (adjusted for 5% vacancy)
- 13) DC Corporate Tax
- 14) Business Personal Property (adjusted for 5% vacancy)
- 15) Business Personal Property Tax
- 16) Other Operating Taxes and Fees (b)
- 17) Total General Office Related Taxes
- 18) **Net New DC Private Office Tax Capture**

Parking (office day, retail & cultural other times)

- 19) Parking Income
- 20)
- 21) **DC Parking Revenue Tax**

Employee Related Sales Tax Revenue

- 22) FTE Employee Retail Expenditures Subject to Sales Tax
- 23) **Employee Related Sales Tax**

Total Direct Annual Tax Revenue

24)

Building / Parking		
	one sf	total sf
	\$350.00	\$856,763,600
	\$0.00	\$0
		NA
100.00% of assessment	\$350.00	\$856,763,600
1.85% commercial tax rate	\$6.47	\$15,850,127
	\$6.47	\$15,850,127
	one sf	total sf
\$100,000 per employee	\$316.67	\$775,167,067
9.975% on 5% profit on gross	\$1.58	\$3,866,146
\$2,050 per employee	\$8.66	\$21,187,900
\$3.40 per \$100 assessed value	\$0.29	\$720,389
\$0.55 per sf	\$0.51	\$1,238,635
	\$2.38	\$5,825,170
100.0% net new DC revenues (c)	\$2.38	\$5,825,170
	one space	total spaces
\$14.00 per space per work day		
\$3,360 per space per year	\$3,360	\$5,757,452
12.0% of gross revenue	\$403	\$690,894
	one sf	total sf
\$0.00 per FTE per week	\$0.00	\$0
8.0% mostly meals	\$0.00	\$0
gross	\$9.14	\$22,366,191
net new	\$9.14	\$22,366,191

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
- (b) Operations purchases, utility and telecommunications fees, other business license fees and charges.
- (c) While the majority of office tenants will relocate from other DC bldgs, some new, and all vacated space ultimately filled by new employment.

Table 4 - Residential Condominiums (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description (66% AWC)

1) Condominiums (75% of total)	2,010 units
2) Market Component	80.0%
3) Market Units	1,608 units
4) Average Size	800 sf (net saleable area)
5) Total Saleable SF	1,286,400 sf

Project Related New DC Residents

1.5 persons / unit
<u>1,544</u> occupied units
2,316 total residents
<u>100.0%</u> net new residents
2,316 new DC residents

Real Estate Tax

6) Condominium Real Estate Value (including parking)
7) DC Homestead Exemption
8) Seniors Exemption
9) Taxable Residential Real Estate Value
10) Parking (included above)
11) Real Estate Value
12) Residential Real Estate Tax (as DC proposed)
13) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
\$38,000 per unit	\$500.00	\$643,200,000
considered unlikely	(\$47.50)	(\$61,104,000)
	\$452.50	\$582,096,000
		<u>NA</u>
100.0% of assessment	\$452.50	\$582,096,000
0.92% residential tax rate	\$4.16	\$5,355,283.20
	\$4.16	\$5,355,283

Residential Direct Tax Revenues

14) Average Unit Value	\$500.00 per sf
15) Required Gross HH Income	30.0% multiple of unit value
16) Taxable Income	80.0% of gross
17) Initial DC Income Tax	\$30,000 of initial taxable income
18) Additional DC Income Tax	9.3% DC tax rate over initial
19) Total Potential DC Income Taxes	
20) Income Taxes Adjusted for Average Occupancy	96.0% occupancy
21) Potential New DC Residents	90.0% of residents pay taxes
22) Income Tax Revenue Adjusted for Resident Status	100.0% new residents
23) New Resident Retail Expenditures Subject to Sales Tax	40.0% of taxable income
24) District of Columbia Resident Sales Capture (not B District)	25.0% of expenditures
25) DC Average Applicable Sales Tax (a)	7.5% blend of categories
26) Other Resident Related Use Taxes and Fees (b)	0.6% of taxable income
27) Personal Property Tax (c)	
28) Total Residential Direct Tax Revenues	

one unit	total units
\$400,000	\$643,200,000
\$120,000	\$192,960,000
\$96,000	\$154,368,000
\$2,000	\$3,216,000
<u>\$6,138</u>	<u>\$9,869,904</u>
\$8,138	\$13,085,904
\$7,812	\$12,562,468
<u>\$7,031</u>	<u>\$11,306,221</u>
\$7,031	\$11,306,221
\$36,864	\$59,277,312
<u>\$9,216</u>	<u>\$14,819,328</u>
\$691	\$1,111,450
\$553	\$889,160
	<u>not considered</u>
\$8,275	\$13,306,830

Recurring Property Resale Transfer Fees

29) Annual Re-sales Related Taxes (2.5% combined fees)
30) Annual Refinance Deed Recordation Taxes

7.0% annual unit turnover	\$0.88	\$1,125,600
		not calculated

Parking (included with unit purchase)

Total Direct Annual Tax Revenue

31)

gross	\$15.38	\$19,787,714
net new	\$15.38	\$19,787,714

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

Table 5 - Low and Moderately Priced Condominiums (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description (66% AWC)

1) Condominiums (75% of total)	2,010 units
2) Low / Mod Priced Component	20.0%
3) Low / Mod Priced Units	402 units
4) Average Size	800 sf (net saleable area)
5) Total Saleable SF	321,600 sf

Project Related New DC Residents

1.5 persons / unit
<u>386</u> occupied units
579 total residents
<u>100.0%</u> net new residents
579 new DC residents

Real Estate Tax

6) Condominium Real Estate Value (including parking)
7) DC Homestead Exemption
8) Seniors Exemption
9) Taxable Residential Real Estate Value
10) Parking (included above)
11) Real Estate Value
12) Residential Real Estate Tax (as DC proposed)
13) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
	\$220.00	\$70,752,000
\$38,000 per unit	(\$47.50)	(\$15,276,000)
considered unlikely		\$0
	\$172.50	\$55,476,000
		NA
100.00% of assessment	\$172.50	\$55,476,000
0.92% residential tax rate	\$1.59	\$510,379.20
	\$1.59	\$510,379

Residential Direct Tax Revenues

14) Average Unit Value	\$190.00 per sf
15) Required Gross HH Income	30.0% multiple of unit value
16) Taxable Income	75.0% of gross
17) Initial DC Income Tax	\$30,000 of initial taxable income
18) Additional DC Income Tax	9.3% DC tax rate over initial
19) Total Potential DC Income Taxes	
20) Income Taxes Adjusted for Average Occupancy	96.0% occupancy
21) Potential New DC Residents	90.0% of residents pay taxes
22) Income Tax Revenue Adjusted for Resident Status	100.0% new residents
23) New Resident Retail Expenditures Subject to Sales Tax	35.0% of taxable income
24) District of Columbia Resident Sales Capture (not B District)	25.0% of expenditures
25) DC Average Applicable Sales Tax (a)	7.5% blend of categories
26) Other Resident Related Use Taxes and Fees (b)	0.6% of taxable income
27) Personal Property Tax (c)	
28) Total Residential Direct Tax Revenues	

one unit	total units
\$152,000	\$61,104,000
\$45,600	\$18,331,200
\$34,200	\$13,748,400
\$2,000	\$804,000
<u>\$391</u>	<u>\$157,021</u>
\$2,391	\$961,021
\$2,295	\$922,580
\$2,065	\$830,322
\$2,065	\$830,322
\$11,491	\$4,619,462
<u>\$2,873</u>	<u>\$1,154,866</u>
\$215	\$86,615
\$197	\$79,191
	not considered
\$2,478	\$996,128

Recurring Property Resale Transfer Fees

29) Annual Re-sales Related Taxes (2.5% combined fees)
30) Annual Refinance Deed Recordation Taxes

7.0% annual unit turnover	\$0.39	\$123,816
		not calculated

Parking (included with unit purchase)

Total Direct Annual Tax Revenue

31)

gross	\$5.07	\$1,630,323
net new	\$5.07	\$1,630,323

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

Table 6 - Rental Apartments (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description (66% AWC)

1) Total Apartments (25% of total)	670 units
2) Market Rate Component	80.0%
3) Market Rate Apartments	536 units
4) Average Apartment Size	800 sf (net rentable area)
5) Apartment RSF	428,800 sf

Project Related New DC Residents

1.3 persons / unit
509 occupied units
662 total residents
100.0% net new residents
662 new DC residents

Real Estate Tax

6) Apartment Real Estate Assessment
7) Parking (included above)
8) Real Estate Value
9) Residential Real Estate Tax (as DC proposed)
10) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
	\$305.46	\$130,981,908
		NA
77.5% of assessment	\$236.73	\$101,510,978
0.92% residential tax rate	\$2.18	\$933,901.00
	\$2.18	\$933,901
	one unit	total units
\$2.45 per sf	\$1,960	\$1,050,560
333.3% multiple of rent	\$78,392	\$42,018,198
90.0% of gross	\$70,553	\$37,816,378
\$30,000 of initial taxable income	\$2,000	\$1,072,000
9.3% DC tax rate over initial	<u>\$3,771</u>	<u>\$2,021,483</u>
	\$5,771	\$3,093,483
95.0% occupancy	\$5,483	\$2,938,809
90.0% of residents pay taxes	<u>\$4,935</u>	<u>\$2,644,928</u>
100.0% new residents	\$4,935	\$2,644,928
40.0% of taxable income	\$26,810	\$14,370,224
25.0% of expenditures	<u>\$6,703</u>	<u>\$3,592,556</u>
7.5% blend of categories	\$503	\$269,442
0.6% of taxable income	\$402	\$215,553
		NA
	\$5,839	\$3,129,923
	gross	\$9.48
	net new	\$9.48
		\$4,063,824
		\$4,063,824

Residential Direct Tax Revenues

11) Monthly Rent
12) Minimum Required Gross Household Income
13) Taxable Income
14) Initial DC Income Tax
15) Additional DC Income Tax
16) Total Potential DC Income Taxes
17) Income Taxes Adjusted for Average Occupancy
18) Potential New DC Residents
19) Income Tax Revenue Adjusted for Resident Status
20) New Resident Retail Expenditures Subject to Sales Tax
21) District of Columbia Resident Sales Capture (not B District)
22) DC Average Applicable Sales Tax (a)
23) Other Resident Related Use Taxes and Fees (b)
24) Personal Property Tax (not applicable) (c)
25) Total Residential Direct Tax Revenues

Parking (tax not applicable on residential parking)

Total Direct Annual Tax Revenue

26)

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

**Table 7 - Low and Moderately Priced Rental Apartments (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005**

Project Description (66% AWC)

1) Total Apartments (25% of total)	670 units
2) Low / Mod Priced Component	20.0%
3) Low / Mod Priced Apartments	134 units
4) Average Apartment Size	800 rsf
5) Apartment RSF	107,200 rsf

Project Related New DC Residents

1.3 persons / unit
<u>127</u> occupied units
165 total residents
<u>100.0%</u> net new residents
165 new DC residents

Real Estate Tax

6) Apartment Real Estate Assessment	
7) Parking (included above)	
8) Real Estate Value	77.5% of assessment
9) Residential Real Estate Tax (as DC proposed)	0.92% residential tax rate
10) Total Real Estate Tax Revenue	

Building / Parking		
	one sf	total sf
	\$97.19	\$10,419,015
		<u>NA</u>
	\$75.32	\$8,074,737
	\$0.69	\$74,287.58
	\$0.69	\$74,288
	one unit	total units
11) Monthly Rent	\$1.20 per sf	\$960
12) Minimum Required Gross Household Income	333.3% multiple of rent	\$38,396
13) Taxable Income	\$3,800 blended exemption	\$34,596
		\$4,635,885
14) Initial DC Income Tax	\$30,000 of initial taxable income	\$2,000
15) Additional DC Income Tax	9.3% DC tax rate over initial	<u>\$427</u>
16) Total Potential DC Income Taxes		\$2,427
		\$325,277
17) Income Taxes Adjusted for Average Occupancy	95.0% occupancy	\$2,306
18) Potential New DC Residents	90.0% of residents pay taxes	<u>\$2,075</u>
19) Income Tax Revenue Adjusted for Resident Status	100.0% new residents	\$2,075
		\$278,112
20) New Resident Retail Expenditures Subject to Sales Tax	40.0% of taxable income	\$13,147
21) District of Columbia Resident Sales Capture (not B District)	25.0% of expenditures	<u>\$3,287</u>
22) DC Average Applicable Sales Tax (a)	7.5% blend of categories	\$246
		\$33,031
23) Other Resident Related Use Taxes and Fees (b)	0.6% of taxable income	\$197
		\$26,425
24) Personal Property Tax (not applicable) (c)		<u>NA</u>
25) Total Residential Direct Tax Revenues		\$2,519
		\$337,567
Parking (tax not applicable on residential parking)		
Total Direct Annual Tax Revenue		
28)	gross	\$3.84
	net new	\$3.84
		\$411,855

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

Table 8 -Hotel (Parcels A, B, C, D)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

- 1) Hotel Rooms 575 rooms
- 2) 426,300 gsf
- 3) 741 gsf per room
- 4) Parking 403 spaces
- 5)

Direct Project Full Time Employment (a)

- 0.80 job per room
460 jobs
60 parking space / job
7 parking jobs
467 total jobs

Real Estate Tax

- 6) General Retail Real Estate Value
- 7)
- 8) Parking (included above)
- 9) Real Estate Value
- 10) Real Estate Tax Revenue
- 11) **Total Real Estate Tax Revenue**

Direct Use Related Tax Revenues

- 12) Room Nights
- 13) Room Revenue
- 14) **Transient Accommodations Tax**
- 15) Other Hotel Expenditures (inc. restaurant)
- 16) **Other Hotel Guest Sales Tax**
- 17) Business Personal Property
- 18) Business Personal Property Tax
- 19) Other Operating Taxes and Fees (b)
- 20) Total Direct Use Related Taxes
- 21) **Net New DC Direct Use Tax Capture**

Other Direct Tax Revenue

- 22) Non-Hotel Related Food & Beverage Sales
- 23) DC Average Applicable Sales Tax
- 24) Sales Tax Net of Hotel Guests
- 25) DC Corporate Tax
- 26) Total Other Direct Tax Revenue
- 27) **Net New Other Direct DC Tax Capture**

Parking

- 28) Parking Income
- 29)
- 30) **DC Parking Revenue Tax**

Employee Related Sales Tax Revenue

- 31) FTE Employee Retail Expenditures Subject to Sales Tax
- 32) **Employee Related Sales Tax**

Total Direct Annual Tax Revenue

- 33)

Building / Parking		
	one room	total rooms
	\$300,000	\$172,500,000
		NA
100.00% of assessment	\$300,000	\$172,500,000
1.85% commercial tax rate	\$5,550	\$3,191,250
	\$5,550	\$3,191,250
	one room	total rooms
75.0% occupancy	274	157,406
\$250 average daily rate	\$68,438	\$39,351,563
10.05% tax rate (District portion)	\$6,878	\$3,954,832
\$140 per occupied room night	\$38,325	\$22,036,875
8.5% tax rate	\$3,258	\$1,873,134
\$30,000 FF&E per room	\$30,000	\$17,250,000
\$3.40 per \$100 assessed value	\$1,020	\$586,500
\$4.25 per room night	\$1,163	\$668,977
	\$12,319	\$7,083,443
100.0% net new DC sales	\$12,319	\$7,083,443
	one room	total rooms
\$20 per room per day	\$11,500	\$6,612,500
9.0% net 1% convention center	\$1,035	\$595,125
100.0% not on-site consumers	\$1,035	\$595,125
9.975% on 10% profit on gross	\$1,075	\$618,286
	\$2,110	\$1,213,411
100.0% net new DC sales	\$2,110	\$1,213,411
	one space	total spaces
\$20.00 per space per day		
\$7,300 per space per year	\$7,300	\$2,938,250
12.0% of gross revenue	\$876	\$352,590
	one room	total rooms
\$0.00 per FTE per week	\$0.00	\$0
8.0% mostly meals	\$0.00	\$0
	\$20,855	\$11,840,694
net new	\$20,855	\$11,840,694

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
- (b) Hotel operations purchases, utility and telecommunications fees, other business license fees and charges.

**Table 9 - Combined Land Uses - Baseball District, Washington, DC (Parcels E, F, G)
ECONOMIC IMPACT SUMMARY - \$2005**

Direct Annual District Tax Revenues

Net District Tax Revenue

		<u>taxable value</u>	<u>tax value per sf</u>	<u>RE tax</u>	<u>total</u>
1) Real Estate Tax (net of SEFC PILOT) see Tables 10-13	retail	\$0	\$0	\$0	
	office	\$0	\$0	\$0	
	residential condominiums	\$0	\$0	\$0	
	rental apartments	\$0	\$0	\$0	
	total	\$0		\$0	\$0
		<u>gross DC taxes</u>	<u>net new DC retail related tax</u>		
2) Retail Space Direct Tax (non real estate) see Table 10	general retail	\$4,752,434	100.0%	\$4,752,434	
	restaurant	\$0	100.0%	\$0	
	total	\$4,752,434			\$4,752,434
		<u>gross DC taxes</u>	<u>net new DC related tax</u>		
3) Private Sector Office Direct Tax (75% of occupancy) see Table 11		\$3,670,037	100.0%	\$3,670,037	\$3,670,037
		<u>taxable revenues</u>	<u>DC parking tax</u>		
4) Parking Tax see Table 10-11	retail	\$778,591		\$93,431	
	office	\$3,627,372		\$435,285	
	hotel	\$0		\$0	
	total	\$4,405,963			\$528,716
5)					
		<u>total potential</u>	<u>net new DC income tax</u>		
6) DC Resident Income Tax see Tables 12-13	resid condominiums	\$3,849,600	100.0%	\$3,464,640	
	rental apartments	\$900,559	100.0%	\$810,503	
	total	\$4,750,158		\$4,275,142	\$4,275,142
		<u>total potential taxable sales</u>	<u>other capture</u>	<u>DC sales tax</u>	
7) DC Resident Retail Expenditures see Tables 12-13	resid condominiums	\$18,164,736	25.0%	\$340,589	
	rental apartments	\$4,403,562	25.0%	\$82,567	
	total	\$22,568,298		\$423,156	\$423,156
8) Other DC Resident Related Fees see Tables 12-13	resid condominiums			\$272,471	
	rental apartments			\$66,053	
	total			\$338,524	\$338,524
		<u>annual unit turnover</u>			
9) Recurring Condo Resale Transfer Fees see Tables 12-13		7.0%			\$344,925
Total Direct Annual DC Tax Revenue		\$14,332,933			\$14,332,933
		<u>gross DC taxes</u>	<u>net new DC taxes</u>		
10) Total Direct Annual Tax Revenue By Use see Tables 10-13	retail	\$4,845,865	100.0%	\$4,845,865	
	office	\$4,105,321	100.0%	\$4,105,321	
	residential condominiums	\$4,422,624	100.0%	\$4,422,624	
	rental apartments	\$959,123	100.0%	\$959,123	
	Total Direct Annual DC Tax Revenue	\$14,332,933			\$14,332,933

One-time District Revenue

Property Transfer Tax, Deed Recordation Taxes and Development Fees	\$8,000,000+
First-time Homebuyer DC Income Tax Credit	not considered
Construction Related Sales Tax	not considered

Additional Project Related Residents

see Tables 12-13

	<u>total residents</u>	<u>net new DC residents</u>
resid condominiums	710	100.0% 710
rental apartments	203	100.0% 203
total	912	912

Direct Project Full Time Employment (FTE jobs)

see Tables 10-11

	<u>DC jobs</u>	<u>DC residents</u>
Retail	449	35.0% 157
Office	6,512	20.0% 1,302
Parking	15	35.0% 5
Residential (one job / 80 units)	8	35.0% 3
Total Permanent FTE Jobs	6,983	1,467
Temporary Construction FTE Jobs (a)	741	35% 259
Total FTE Jobs	7,724	1,727

Indirect Employment, Economic and Tax Multipliers

not considered

(a) Construction employment: \$600,000,000 construction cost x 40% direct labor divided by \$54,000 average annual income, equaling 4,444 person years divided by 6.0 years for project completion, realizing 741 construction full time equivalent jobs.

Table 10 - Retail (Parcels E, F, G)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

1) General Retail	170,650 gsf
2) Restaurant/entertain	0 gsf
3) Total Retail	170,650 gsf
4) Parking	427 spaces
5)	0 spaces
	427 spaces

Direct Project Full Time Employment (a)

350 sf per retail job
449 retail jobs
100 parking space / job
4 parking jobs
453 total jobs

Real Estate Tax (net of SEFC PILOT)

6) General Retail Real Estate Value
7) Restaurant Real Estate Value
8) Parking (included above)
9) Real Estate Value
10) Real Estate Tax Revenue
11) Total Real Estate Tax Revenue

General Retail Direct Tax Revenues

12) On-site Taxable Retail Sales (adjusted for 15% vacancy)
13) DC Average Applicable Sales Tax
14) Sales Tax Net of On-Site Residents or Office Tenants
16) DC Corporate Tax
17) Business Personal Property
18) Business Personal Property Tax
19) Other Operating Taxes and Fees (b)
20) Total Retail Related Taxes
21) Net New DC General Retail Related Tax Capture

Restaurant / Entertainment Direct Tax Revenues

22) On-site Taxable Retail Sales (adjusted for 8% vacancy)
23) DC Average Applicable Sales Tax
24) Sales Tax Net of On-Site Residents or Office Tenants
25) DC Corporate Tax
26) Business Personal Property (adjusted for 8% vacancy)
27) Business Personal Property Tax
28) Other Operating Taxes and Fees (b)
29) Total General Retail Related Taxes
30) Net New DC Restaurant Related Tax Capture

Parking

31) Parking Income (discounted for retail patrons)
32)
33) DC Parking Revenue Tax

Employee Related Sales Tax Revenue

34) FTE Employee Retail Expenditures Subject to Sales Tax
35) Employee Related Sales Tax

Total Direct Annual Tax Revenue

36)

Building / Parking		
	one sf	total sf
	\$300.00	\$51,195,000
	\$350.00	\$0
		NA
0.00% of assessment	\$0.00	\$0
1.85% commercial tax rate	\$0.00	\$0
	\$0.00	\$0
	one sf	total sf
\$450 per sf	\$382.50	\$65,273,625
5.75%	\$22.00	\$3,753,886
100.0% not on-site consumers	\$22.00	\$3,753,886
9.975% on 10% profit on gross	\$3.82	\$651,104
\$45.00 FF&E per sf	\$45.00	\$7,679,250
\$3.40 per \$100 assessed value	\$1.53	\$261,095
\$0.55 per sf	\$0.51	\$86,349
	\$27.85	\$4,752,434
100.0% net new DC sales	\$27.85	\$4,752,434
	one sf	total sf
\$525 per sf	\$483.00	\$0
9.0% net 1% convention center	\$43.47	\$0
100.0% not on-site consumers	\$43.47	\$0
9.975% on 10% profit on gross	\$4.82	\$0
\$75.00 FF&E per sf	\$69.00	\$0
\$3.40 per \$100 assessed value	\$2.35	\$0
\$0.50 per sf	\$0.46	\$0
	\$51.09	\$0
100.0% net new DC sales	\$51.09	\$0
	one space	total spaces
\$5.00 per space per day		
\$1,825 per space per year	\$1,825	\$778,591
12.0% of gross revenue	\$219	\$93,431
	one sf	total sf
\$0.00 per FTE per week	\$0.00	\$0
8.0% mostly meals	\$0.00	\$0
	\$28.40	\$4,845,865
net new	\$28.40	\$4,845,865

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
(b) Operations purchases, utility and telecommunications fees, other business license fees and charges.

Table 11 - Office (Parcels E, F, G)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

- 1) General Office 1,542,250 gsf
- 2) Retail (see retail) 0 gsf
- 3) Total Building Area 1,542,250 gsf
- 4) Parking 1,080 spaces
- 5)

Direct Project Full Time Employment (a)

- 225 sf per office job
6,512 office jobs
100 parking space / parking job
11 parking jobs
6,523 total jobs

Real Estate Tax (net of SEFC PILOT)

- 6) General Office Real Estate Value (including land)
- 7) Retail Real Estate Value
- 8) Parking (included above)
- 9) Real Estate Value
- 10) Real Estate Tax Revenue
- 11) **Total Real Estate Tax Revenue**

Private Sector Office Direct Tax (75% occupancy)

- 12) Taxable Gross Revenues (adjusted for 5% vacancy)
- 13) DC Corporate Tax
- 14) Business Personal Property (adjusted for 5% vacancy)
- 15) Business Personal Property Tax
- 16) Other Operating Taxes and Fees (b)
- 17) Total General Office Related Taxes
- 18) **Net New DC Private Office Tax Capture**

Parking (office day, retail & cultural other times)

- 19) Parking Income
- 20)
- 21) **DC Parking Revenue Tax**

Employee Related Sales Tax Revenue

- 22) FTE Employee Retail Expenditures Subject to Sales Tax
- 23) **Employee Related Sales Tax**

Total Direct Annual Tax Revenue

- 24)

Building / Parking		
	one sf	total sf
	\$350.00	\$539,787,500
	\$0.00	\$0
		<u>NA</u>
0.00% of assessment	\$0.00	\$0
1.85% commercial tax rate	\$0.00	<u>\$0</u>
	\$0.00	<u>\$0</u>
	one sf	total sf
\$100,000 per employee	\$316.67	\$488,379,167
9.975% on 5% profit on gross	<u>\$1.58</u>	<u>\$2,435,791</u>
\$2,050 per employee	<u>\$8.66</u>	<u>\$13,349,031</u>
\$3.40 per \$100 assessed value	\$0.29	\$453,867
\$0.55 per sf	<u>\$0.51</u>	<u>\$780,379</u>
	<u>\$2.38</u>	<u>\$3,670,037</u>
100.0% net new DC revenues (c)	\$2.38	<u>\$3,670,037</u>
	one space	total spaces
\$14.00 per space per work day		
\$3,360 per space per year	<u>\$3,360</u>	<u>\$3,627,372</u>
12.0% of gross revenue	\$403	<u>\$435,285</u>
	one sf	total sf
\$0.00 per FTE per week	<u>\$0.00</u>	<u>\$0</u>
8.0% mostly meals	\$0.00	<u>\$0</u>
	gross	\$2.66 \$4,105,321
	net new	\$2.66 <u>\$4,105,321</u>

Notes:

- (a) FTE is full time equivalent employee, assumed at 40 hours per week.
- (b) Operations purchases, utility and telecommunications fees, other business license fees and charges.
- (c) While the majority of office tenants will relocate from other DC bldgs, some new, and all vacated space ultimately filled by new employment.

Table 12 - Residential Condominiums (Parcels E, F, G)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description

1) Condominiums (75% of total)	493 units
2) Market Component	100.0%
3) Market Units	493 units
4) Average Size	800 sf (net saleable area)
5) Total Saleable SF	394,200 sf

Project Related New DC Residents

1.5 persons / unit
<u>473</u> occupied units
710 total residents
<u>100.0%</u> net new residents
710 new DC residents

Real Estate Tax (net of SEFC PILOT)

6) Condominium Real Estate Value (including parking)
7) DC Homestead Exemption
8) Seniors Exemption
9) Taxable Residential Real Estate Value
10) Parking (included above)
11) Real Estate Value
12) Residential Real Estate Tax (as DC proposed)
13) Total Real Estate Tax Revenue

Building / Parking		
	one sf	total sf
	\$500.00	\$197,100,000
\$38,000 per unit	(\$47.50)	(\$18,724,500)
considered unlikely		\$0
	\$452.50	\$178,375,500
		NA
0.0% of assessment	\$0.00	\$0
0.92% residential tax rate	\$0.00	\$0.00
	\$0.00	\$0

Residential Direct Tax Revenues

14) Average Unit Value	\$500.00 per sf
15) Required Gross HH Income	30.0% multiple of unit value
16) Taxable Income	80.0% of gross
17) Initial DC Income Tax	\$30,000 of initial taxable income
18) Additional DC Income Tax	9.3% DC tax rate over initial
19) Total Potential DC Income Taxes	
20) Income Taxes Adjusted for Average Occupancy	96.0% occupancy
21) Potential New DC Residents	90.0% of residents pay taxes
22) Income Tax Revenue Adjusted for Resident Status	100.0% new residents
23) New Resident Retail Expenditures Subject to Sales Tax	40.0% of taxable income
24) District of Columbia Resident Sales Capture (not B District)	25.0% of expenditures
25) DC Average Applicable Sales Tax (a)	7.5% blend of categories
26) Other Resident Related Use Taxes and Fees (b)	0.6% of taxable income
27) Personal Property Tax (c)	
28) Total Residential Direct Tax Revenues	

	one unit	total units
	\$400,000	\$197,100,000
	\$120,000	\$59,130,000
	\$96,000	\$47,304,000
	\$2,000	\$985,500
	<u>\$6,138</u>	<u>\$3,024,500</u>
	\$8,138	\$4,010,000
	\$7,812	\$3,849,600
	<u>\$7,031</u>	<u>\$3,464,640</u>
	\$7,031	\$3,464,640
	\$36,864	\$18,164,736
	<u>\$9,216</u>	<u>\$4,541,184</u>
	\$691	\$340,589
	\$553	\$272,471
		not considered
	\$8,275	\$4,077,699

Recurring Property Resale Transfer Fees

29) Annual Re-sales Related Taxes (2.5% combined fees)
30) Annual Refinance Deed Recordation Taxes

7.0% annual unit turnover	\$0.88	\$344,925
		not calculated

Parking (included with unit purchase)

Total Direct Annual Tax Revenue

31)

gross	\$11.22	\$4,422,624
net new	\$11.22	\$4,422,624

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.

Table 13 - Rental Apartments (Parcels E, F, G)
Baseball District - Washington, DC
ANNUAL DIRECT DC TAX REVENUE NET OF MULTIPLIERS - \$2005

Project Description (66% AWC)

1) Total Apartments (25% of total)	164 units
2) Market Rate Component	100.0%
3) Market Rate Apartments	164 units
4) Average Apartment Size	800 sf (net rentable area)
5) Apartment RSF	131,400 sf

Project Related New DC Residents

1.3 persons / unit
<u>156</u> occupied units
203 total residents
<u>100.0%</u> net new residents
203 new DC residents

Real Estate Tax (net of SEFC PILOT)

- 6) Apartment Real Estate Assessment
- 7) Parking (included above)
- 8) Real Estate Value
- 9) Residential Real Estate Tax (as DC proposed)
- 10) **Total Real Estate Tax Revenue**

Building / Parking		
	one sf	total sf
	\$305.46	\$40,137,646
		<u>NA</u>
0.0% of assessment	\$0.00	\$0
0.92% residential tax rate	\$0.00	\$0.00
	\$0.00	\$0
	one unit	total units
\$2.45 per sf	\$1,960	\$321,930
333.3% multiple of rent	\$78,392	\$12,875,912
90.0% of gross	\$70,553	\$11,588,321
\$30,000 of initial taxable income	\$2,000	\$328,500
9.3% DC tax rate over initial	<u>\$3,771</u>	<u>\$619,456</u>
	\$5,771	\$947,956
95.0% occupancy	\$5,483	\$900,559
90.0% of residents pay taxes	<u>\$4,935</u>	<u>\$810,503</u>
100.0% new residents	\$4,935	\$810,503
40.0% of taxable income	\$26,810	\$4,403,562
25.0% of expenditures	<u>\$6,703</u>	<u>\$1,100,890</u>
7.5% blend of categories	\$503	\$82,567
0.6% of taxable income	\$402	\$66,053
		<u>NA</u>
	\$5,839	\$959,123
	gross	\$7.30
	net new	\$7.30
		\$959,123

Residential Direct Tax Revenues

- 11) Monthly Rent
- 12) Minimum Required Gross Household Income
- 13) Taxable Income
- 14) Initial DC Income Tax
- 15) Additional DC Income Tax
- 16) Total Potential DC Income Taxes
- 17) Income Taxes Adjusted for Average Occupancy
- 18) Potential New DC Residents
- 19) **Income Tax Revenue Adjusted for Resident Status**
- 20) New Resident Retail Expenditures Subject to Sales Tax
- 21) District of Columbia Resident Sales Capture (not B District)
- 22) **DC Average Applicable Sales Tax (a)**
- 23) **Other Resident Related Use Taxes and Fees (b)**
- 24) Personal Property Tax (not applicable) (c)
- 25) **Total Residential Direct Tax Revenues**

Parking (tax not applicable on residential parking)

Total Direct Annual Tax Revenue

26)

Notes:

- (a) Based on blend of sales tax on general goods and services and DC retained sales tax on restaurant related sales.
- (b) Building operations purchases, resident DMV fees, utility and telecommunications fees, other licensing fees and charges.
- (c) Fixtures, etc. included in real property value; residents assumed not to exceed \$50,000 personal property exemption.